

**SCOTTSDALE AIRPORT ADVISORY COMMISSION
15000 NORTH AIRPORT DRIVE, SCOTTSDALE, AZ**

**JANUARY 14, 2004
REGULAR MEETING**

MINUTES

PRESENT:	Donald Maxwell, Chairman Tom Guilfooy Bill Mack	Leonard Tinnan, Vice Chairman Phil Vickers Mike Osborne
ABSENT:	Fred Madanick	
STAFF:	Scott Gray, Aviation Director Gary Mascaro, Asst. Aviation Director Jennifer Lewis, Airport Planner	Chris Read, Asst. Aviation Director Matt Johnson, Airport Specialist Paul Norman, Assistant City Attorney
OTHER(S):	Jack Cooper, United Insurance John Frevola, Corporate Jets Nadia Hill, SNAPOA John Meyer, Airport Properties Tommy Walker, Scottsdale Air Center	Paul Olivier, SNAPOA Thomas Ropp, Arizona Republic Bill Smith, Scottsdale FBO Craig Morningstar, AzSNAP

CALL TO ORDER

Chairman Maxwell called the meeting to order at 6:02 p.m.

ROLL CALL

A formal roll call confirmed members present as stated above.

APPROVAL OF MINUTES

Item 1 - Action

Approval of the Minutes of the November 19, 2003 City Council Subcommittee on Regional Aviation Issues and Scottsdale Airport Advisory Commission Joint Meeting.

Commissioner Mack made a motion to approve the minutes of the November 19, 2003 City Council Subcommittee on Regional Aviation Issues and Scottsdale Airport Advisory Commission Joint Meeting. Chairman Maxwell seconded the motion and the minutes were approved by a vote of 6-0.

Item 2 – Action

Approval of the Minutes of the November 19, 2003 regular meeting.

Commissioner Guilfooy noted the last paragraph of Item 6 it should read, ...”passed by a vote of 6-1, with Commissioner Vickers abstaining,” rather than ...”Commissioner Vickers objecting.” Commissioner Mack interjected that according to the Bylaws of this organization, you cannot abstain unless you have a conflict of interest or a monetary value in the subject being discussed. Therefore it is correct as recorded.

Vice Chairman stated on page 5, Item 9, it reads, ...”Vice Chairman Tinnan left the meeting at 7:06 p.m.” It later reads that he made a motion to approve the item. Mr. Gary Mascaro stated the sentence would be relocated to reflect the motion was made before he left the meeting.

Vice Chairman Tinnan added in the adjournment it reads that Commissioner Mack made a motion and then seconded the motion to adjourn. Commissioner Mack stated a second motion is not needed to adjourn a meeting so that's a moot point. Commissioner Mack made a motion to approve the minutes as corrected. Vice Chairman Tinnan seconded the motion and the minutes were approved by a vote of 6-0.

Mr. Gray stated with the discussion that just took place about abstentions, if there was a desire to correct Item 2, and Item 4. Vice Chairman Tinnan inquired about Item 3 also. Chairman Maxwell stated they are the same as before where it says that Commissioner Vickers is abstaining. Commissioner Mack said they leave it as a 1 no vote then, and if that was correct. Mr. Paul Norman stated that would be correct.

Mr. Gray stated in any of the items where there is an abstention they will change it to a no vote. The corrections were accepted and the minutes were approved as previously stated above.

PUBLIC COMMENT

There were no cards submitted at this point for public comment.

AERONAUTICAL BUSINESS PERMIT(S)

Item 3 – Information

Aeronautical Business Permit Additions, Cancellations, or Revocations.

Mr. Matt Johnson advised the Commission they have a list in their packet indicating the current the Aeronautical Business Permittees. He stated they have no cancellations or revocations listed at this time.

GENERAL BUSINESS

Item 4 – Action

Pursuant to Bylaws of the Scottsdale Airport Advisory Commission, No. 101, the Commission shall, in regular session following the first day of January of every year, elect from its members a Chairman and Vice Chairman. The term of office shall be one year and no officer shall succeed him or herself more than once.

Commissioner Mack moved to nominate Donald Maxwell as Chairman for the year 2004. Commissioner Guilfooy seconded the nomination and it passed by a vote of 6-0.

Commissioner Vickers stated he would like to know what conflicts, if any, or what parties Chairman Maxwell represents that own Stage 2 aircraft and what if anything during his term if elected would he do to remain in a position where he would not have a conflict of interest.

Chairman Maxwell stated he does not have a conflict interest and he believes that Commissioner Vickers requested and received a three or four page opinion from the City Attorney indicating that he has no conflict of interest, and there was no item that ever came up during the year with reference to Stage 2 aircraft that required a vote.

Chairman Maxwell stated as to whom his clients are he personally did not feel it was any of Commissioner Vickers' business. Commissioner Vickers stated he thought it was relevant to the public to have on record owners of Stage 2 aircraft, how many are owned, and who they are so they know if there would be a conflict of interest. Chairman Maxwell stated he does not own any Stage 2 aircraft. Commissioner Vickers asked if he represents any Stage 2 aircraft. Chairman Maxwell stated he believes none of his clients have Stage 2 aircraft. Commissioner Vickers asked again if any of his clients were owners or operators of Stage 2 aircraft. Chairman Maxwell stated not to his knowledge; however, they are legal here anyway.

Commissioner Guilfooy nominated Leonard Tinnan as Vice Chairman. Commissioner Mack seconded the nomination and it passed by a vote of 6-0.

Item 5 – Information

Review Bylaws of the Scottsdale Airport Advisory Commission for possible amendments.

Mr. Gray advised the Commission that a copy of the Bylaws were included in their packet. He added these Bylaws were done in late 2001. He thought it might be appropriate to review the Bylaws as they stand and see if there were any issues that the Commission would like to address. In accordance with the Bylaws, it has to be done as an information item one month, and then as an action item the following month.

Vice Chairman Tinnan stated his only comment is under No. II, Meetings, it specifies study sessions to be held at 6:00 p.m. on Wednesdays and the regular meeting to follow the study session. He stated during his term the Commission has never had any study sessions and it seems to be indicated as a regular thing. Mr. Gray responded that back in 2002 after these Bylaws were changed, he believes that was one of the items that was changed – the type of sessions that would take place. He added they were actually holding quite a few study sessions at that time as they were working through the regulatory rewrite. However, if you go to No. II, Section 202, it states if the Commission desires not to hold the preceding study session, the regular meeting will be at 6:00 p.m.; it just gives them the opportunity that if they do want to call a study session they can, and it would start at 6:00 p.m.

Mr. Gray stated this item will not be put on next month's agenda and it will remain signed and dated as presented.

Item 6 – Action

Consider recommendation to AUTHORIZE Contract No. 2003-184-COS, a lease agreement between the City of Scottsdale and Carl Salsman Aviation, Inc. for commercial office space in the Aviation Business Center.

Mr. Gary Mascaro stated this item is a recommendation to the City Council to authorize a lease agreement for Carl Salsman to lease commercial office space (Suite 100) at the Aviation Business Center. Mr. Mascaro stated they have occupied that space since November 2003 under a Revocable License Agreement. The item is scheduled for City Council at the end of February.

Commissioner Guilfooy inquired if it was typical that there was a timing mismatch in the presentation of the tenant taking occupancy, ratifying the recommendation, and then going to City Council; they will be a tenant who has been in there for almost five months. Mr. Mascaro responded that as part of Chapter Five of the Scottsdale Revised Code they have the right to do Revocable License Agreements, that's a 30-day cancellation, month-to-month agreement, for a year in order to be competitive in the market and compete with other aviation facilities in the area. You have to have the ability to work with the client and get them located in the building as soon as possible.

Vice Chairman Tinnan stated at a previous meeting where another lease was discussed it was stated that the current rate was \$20 per square foot, per year. However in two lease agreements today, (Items 6 and 7) Item 7 reflects \$20 per square foot, but Item 6 represents a number which is less than \$20 per square foot, so how do we explain the rationale for the difference?

Mr. Mascaro responded the reason they lowered the monthly rent is the tenant made improvements they basically built a wall, spending their own money, and separated the space to make it two offices. Therefore, in return, we agreed to negotiate and lower their rent slightly.

Commissioner Vickers stated in the past someone came to Airport Administration to lease some space at about \$17 per square foot and we rejected that. He inquired if there were any negotiations with that group giving them the ability to do leasehold improvements. Mr. Gray responded that that was a proposal to lease the space for \$10 per square foot, which was unacceptable to the City. Mr. Gray said the City offered a response and the party did not accept it.

Vice Chairman Tinnan stated that they are providing them base rent of about \$2250 a year or less than the \$20 per square foot would provide, and it is good for three years, so that's a net difference of almost \$7000 so Is the improvement worth \$7000? Mr. Gray responded the City didn't have the money to provide the improvements, the tenant was willing to make those improvements, and that space has been vacant for three years. Therefore, with an opportunity to collect nearly \$12,700 a year, they opted to provide them an incentive, allow them to make the improvement, and go ahead and get the lease started.

Commissioner Vickers stated one more provision he found in the lease to be very favorable was noted on Page 19, paragraph 15.5, the legal fee provision, and that this is a one-sided legal fee provision that totally protects the City.

Commissioner Mack made a motion to approve the recommendation to AUTHORIZE Contract No. 2003-184-COS, a lease agreement between the City of Scottsdale and Carl Salsman Aviation, Inc. for commercial office space in the Aviation Business Center. Commissioner Vickers seconded the motion and it passed by a vote of 6-0.

Item 7 – Action

Consider recommendation to AUTHORIZE Contract No. 2004-012-COS, a lease agreement between the City of Scottsdale and Arizona Scottsdale Network Airpark (AzSnap) for commercial office space in the Aviation Business Center.

Mr. Mascaro advised the Commission that the lease agreement for this item is not included in the packet as it is pending return from the City Attorney's office. He stated it is the same lease agreement as the one for Item 6 above, with exception of the name changes, and the fee as outlined in the Commission Action Report. He added if the Commission wished to table the item to next month's meeting they could do so.

Commissioner Mack made a motion to approve the recommendation to AUTHORIZE Contract No. 2004-012-COS, pending receipt of the lease agreement from the City Attorney's office.

Mr. Craig Morningstar, representing AzSnap, was present at the meeting to answer any questions from the Commission. There were no questions.

Vice Chairman Tinnan seconded the motion and the item passed by a vote of 6-0.

Item 8 – Action

Consider recommendation to AUTHORIZE Contract No. 860912A-3, a lease amendment between the City of Scottsdale and the Federal Aviation Administration (FAA) for the Air Traffic Control Tower.

Mr. Chris Read advised the Commission that the FAA requests the amendment to the lease agreement because they are concerned with the City's Fire Department personnel and members of the public using their leasehold to access Fire Station 812. The FAA wants to return the portion of the leasehold adjacent to the cul-de-sac at 78th Way back to the Airport/City of Scottsdale because they do not want to be liable for non-FAA activity that is taking place in that area of the leasehold. The key considerations and the exhibits that outline the lease areas have been provided to the Commission in their packets.

Commissioner Mack inquired of staff what their thoughts were on this item. Mr. Gray responded that if you refer to the exhibits in the packet, you can see there is a piece of property they are relinquishing back to the City so they can have access. Mr. Gray said they do not oppose doing that because they don't pay us any fees for it and it solves their concerns with liability issues. Mr. Gray stated they support the amendment.

Vice Chairman Tinnan made a motion to approve the recommendation to AUTHORIZE Contract No. 860912A-3, a lease amendment between the City of Scottsdale and the Federal Aviation Administration (FAA) for the Air Traffic Control Tower. Commissioner Mack seconded the motion and it passed by a vote of 6-0.

Item 9 – Information

Northwest Blast Fence Issue – Jack Cooper, United Insurance.

Mr. Gray advised the Commission that there was a request that came through the Chairman asking for this item to be put on the agenda as an informational item. It regards the northwest blast fence issue, and Mr. Jack Cooper, representing United Insurance, was present to address the Commission.

Mr. Jack Cooper provided the Commission with details of the property location, which is near the Runway 21 holding area. Mr. Cooper stated they bought the property knowing they were next to the Airport, however, during the last few years the aircraft have become larger and taller so they have started having complaints from their tenants concerning debris. He stated various tenants use the property in different ways, (i.e., warehousing, deliveries, etc.) and they often keep their doors open. Mr. Cooper added they now have three vacancies in that building, with others threatening not to renew their tenancy as they do not feel it is safe for their employees. He said he is concerned for the safety of their tenants and the long-term value of their building, in addition to looking for remediation that is better than the screen that was put in place during the summer. Mr. Cooper stated he feels something more in the order of a blast fence would deflect all of the debris, and would tend to make their tenants feel more comfortable. He stated as a landlord he would also feel more comfortable, and it would avoid lawsuits and maintain the value of the building.

Commissioner Vickers inquired if the blast fence (wall) was there before they built their building. Mr. Cooper stated as he recalls the wall at the end was put in since they bought it. He added there basically is no blast wall near the building that is along the runway and that is where the problem is. Mr. Cooper said to his knowledge there haven't been any injuries, but the potential is there and if there is anything that can be done to alleviate the situation they would greatly appreciate it.

Chairman Maxwell inquired if there were blast fences located anywhere else on the property, and when they bought the property. Mr. Cooper stated they bought the property in 1997.

Commissioner Guilfooy inquired if they did due diligence before acquiring the property. Mr. Cooper stated there was always debris, but it was manageable at the time of purchase. Commissioner Guilfooy inquired if they have gotten any cost estimates to build a fence. Mr. Cooper responded they have not done that. They are proposing the City build the fence since they are the source of the problem.

Vice Chairman Tinnan asked who put up the fence in the past that provided some help, and what type of fence was it. Vice Chairman Tinnan also inquired if there is any precedent law dealing with this kind of problem between airports and private properties.

Mr. Gray responded that the green mesh screening fence was put up last summer by the City to basically address the Kilo Ramp reconstruction adjacent to the apron. He added that would be completely resolved by the next FAA grant because the dirt areas around the runway and in between the taxiways will all be filled in with rock. Mr. Gray then described at length the types of debris, sweeping efforts, types of aircraft how it affects each area.

Chairman Maxwell inquired if the City has erected any other blast fences to protect any other properties. Mr. Paul Norman answered the second question by stating there is no legal implication on the part of the City to construct the fence as requested by Mr. Cooper on behalf of United Insurance. Clearly, the property is immediately adjacent to the Airport, and immediately adjacent to an area where aircraft are going to taxi and run up their engines and this was known or obviously should have been known to the purchaser of the property. He added there is no question in his mind that there is no legal obligation on the part of the City.

Mr. Gray stated as regards to other areas where blast fences are installed, there is currently one being installed as a result of the extension of Bravo Taxiway. After the completion of that project a building was having some debris and fumes and the City and the FAA chose to place a blast fence at the location. Mr.

Gray added that the FAA provided an entitlement grant to construct that structure and it was done because the building already existed, although the extension took place after the fact and the City chose to remedy that following some legal discussions.

Commissioner Vickers recalled that in the Capital Improvement Project budget they went over in the Five-Year Plan there was some provision for new fencing, a substantial amount of money, and inquired if they have considered putting a higher portion of fence in that area to solve Mr. Cooper's problems? Mr. Gray responded they have a line item for airport fencing. Airport fencing under the grants for general aviation airports in the state of Arizona can only be 6-foot chain link fence with barbwire.

Commissioner Vickers inquired if they could make a modification as a municipality and incur the costs, perhaps working with the landlord in raising it above 6-foot? Mr. Gray responded the issue brought forward today is that it is a chain link fence and the debris blows through it. Mr. Gray stated they suggested the property owner build a block wall. Additional lengthy discussion took place regarding the various types of fencing, blast fence, walls etc. throughout the various locations and property areas.

Commissioner Mack asked Mr. John Frevola if he had any idea of how tall the new jets are now compared to 1997 when the property was purchased. Mr. Frevola stated he is speculating, however, he does not think there is anything that comes in now that's higher than a Gulfstream II or III than an airplane that was commonly landing and departing back in 1997. He added there may be larger airplanes, but there is no airplane that has engines any higher than the Gulfstream that he is aware of.

Commissioner Mack stated this gentleman is looking for somebody to be a good neighbor for the health and welfare of his employees; yes he bought a piece of property up against the fence, and yes they are starting to turn around and blast, but the only thing he can think of is you seek a way where you can help him and improve the fence other than a 6 foot chain link fence, or you require that the jets run down to the end and start up and run up against the blast fence to alleviate the problems of blowing into his warehouse.

Mr. John Meyer showed a picture denoting the building they are talking about and where the holding area for Runway 21 is. He added they manage the SNAPOA organization, and he introduced Ms. Nadia Hill who is manager for that area. Mr. Meyer spoke on the mechanisms of some aircraft requirements for takeoff power, and how with some you can actually see the impact of the engine thrusts so they have a safety concern. He added the screening helps somewhat, but it is not high enough. Mr. Meyer asked them to work towards a resolution because it is a serious problem.

Vice Chairman Tinnan inquired if the airport has any business license arrangement with this property. Mr. Gray responded, no, as it is not an aviation business. Vice Chairman Tinnan asked about putting metal strips through the chain link fence, and how much it would cost to do that. Mr. Gray responded they have not explored those costs, but they believe the rock installation will solve the debris issue.

Commissioner Guilfooy inquired how many employees were at the building. Mr. Cooper responded he did not know for certain, but probably about 50-100, however, there are a lot of vendors making deliveries so at any given time there are more people on the premises than just the employees. Commissioner Guilfooy inquired what the economic impact would be to the City if the building were vacant. Mr. Cooper responded they would have less sales tax and basically it would decline in value.

Commissioner Osborne questioned if you have aircraft with engines along the lines of 13 feet, in order for a fence or a wall, etc. to do any good you would have to have a fence that is 15-20 feet high. The question then becomes if you have a fence that big, and tremendous loads on the supports of that fence from a jet's velocity, you may have the possibility of the fence blowing over on someone.

Vice Chairman Tinnan stated the item is on tonight's agenda as an information item. He recommends they table further discussion this time, take the matter under advisement, and schedule this item as action item for the next Commission meeting.

Mr. Gray asked what the action would be that the Commission would like to discuss at the next meeting. Commissioner Guilfooy stated he hasn't heard any request yet. Commissioner Mack stated he is looking at it from the standpoint of being a good neighbor and doing whatever they've got to do.

Chairman Maxwell said they've had several requests and can just figure that for an action item. He would like Commissioner Mack to meet with the building owners and staff as he understands they are talking about a blast fence, but doesn't believe they are talking about a blast fence of 20-feet or 13-feet, and determine if one is necessary. Chairman Maxwell stated he agrees they are not going to be able to tell anybody to go and use the blast fence. It was also agreed to measure the height of the current blast fence at Frank Lloyd Wright.

Mr. Gray stated they would coordinate a meeting with the appropriate parties.

Item 10 – Information

Airpark Access Proposed Rule Changes – Paul Olivier, President, SNAPOA.

Mr. Gray stated Mr. Paul Olivier requested this item for some Airpark Access rule changes and he would speak to the Commission regarding this item.

Mr. Paul Olivier stated he represents the Scottsdale North Airpark Property Owners Association (SNAPOA) and is president of the organization. He stated the number of properties has grown and the use of hangars in the facility is becoming an issue with many of their tenants. They have some with multiple hangars, and multiple aircraft within their control. He added some have aircraft parked in the Airpark with others in the Airport, and others solely in the Airpark. Their concerns break down into two areas. One is they have several operators that have a number of hangars and all the aircraft in the hangars are registered with the City and all the leases are registered. He stated the current guidelines issued is that airplane A must be in hangar 1, and airplane B must be kept in hangar 2, and if and when it becomes necessary to move them around for whatever reason, they cannot do so. Most of the facilities also have fuel farms and if you fuel the airplane in hangar 1, airplane A in hangar 1 could only be fueled from hangar 1's facility. That's not the primary issue, but the need to move the airplane has become a bigger and bigger concern.

Mr. Oliver added the hangars they have in Scottsdale are among the most expensive in the valley and it seems appropriate that these operators be given the opportunity to use them to the extent that they can and most efficiently run their operation. One operator has a maintenance hangar on the Airport and that hangar is also used for storage of an airplane in the evening. When he has to take one of his other tenant's airplanes down to maintenance he has no place to put the airplane that came out of the maintenance hangar; it would seem reasonable to put it in one of the other hangars. Allowing this operation doesn't cost anyone. There are no less fuel purchased, no less flowage fees, no less revenue from the hangar rentals, the airplanes are all legitimately registered with the City and it seems a very reasonable thing to us to allow them to move around as they need to in order to efficiently conduct their business.

Mr. Olivier stated the second scenario is they have a number of operators that have more than one airplane but which the airplanes are all over the place. They are not here most of the time, so their hangar sits empty most of the time and they would like it considered that these operators can have other airplanes in their control that are also registered with the City be able to use that empty hangar if it came to Scottsdale. Mr. Olivier stated there is a proposal from a company to come in and do this operation, subject to approval of being allowed to put one or the other of his aircraft in that hangar at any given time. The City is currently losing revenue in that regard because the hangar is empty and it's so expensive that somebody with this kind of operation is the type that is going to move on. Those kinds of operations lead to the concern that a 135 operator will take over and we want to preclude that as you do. For example, NetJets could come in here and rent one little hangar and bring 100 aircraft in here - the answer is no way.

Mr. Oliver stated the way they propose to restrict that is this would only be allowed if the primary tenant in the building's base of business was other than lease -- they are using their airplanes for their own purposes, so therefore a 135 operator could not come in here and do that.

Mr. Olivier stated those are the two scenarios they feel should be reconsidered and allowed.

Commissioner Mack stated before they get into a lengthy discussion on this tonight, he would like to move that they appoint one person from the Commission to meet with the necessary people and staff to put this together, look it over, and get back to them with some reasonable expectations of what to do.

Mr. John Frevola, Corporate Jets, stated he thinks Commissioner Mack's suggestion is a good idea and he would be happy to participate in it. However, he would like to make a couple of comments. He added what Mr. Olivier proposed, on the face of it, would seem like a reasonable suggestion if you weren't familiar with the background of the regulation and why it was put there. He stated seven or eight years ago, before the new rules and regulations were written, there were no revenue producing commercial aeronautical activities allowed in the Airpark. Therefore, you could not do hangar rental, aircraft sales, charter, etc., it all had to be done on the Airport. He added the developers saw an opportunity to rent more hangars if they were able to open up the Airpark to some of these aeronautical activities. Obviously, the FBO's were opposed to that so the committee was formed, and after a lot of negotiations, there ultimately was a compromise. The compromise was basically the developers got everything they wanted, except the only concession that was made to the FBO's was if an airplane was going to be based in the Airpark, it had to be registered at that particular location and that was the only place it could fuel. Mr. Frevola said that is what they are concerned about. He is not sure the regulation prohibits moving airplanes from one hangar to another as long as they don't fuel out of the hangar. He is concerned a developer would be able to rent five hangars with no fuel farm and no expense of maintaining that fuel farm, and be able to fuel that airplane at another location in the Airpark with a fuel farm. That is what he would be opposed to.

Mr. Frevola stated rather than making a rule change, Airport Administration, Scott Gray and his staff, could handle a lot of these issues by making variances and decisions on a case-by-case basis.

Mr. Tommy Walker, Scottsdale Air Center, stated he would also like to be involved in the discussions. He said a couple of issues have come up with the need to protect the FBO's. He added he has safety issues with people being able to use another fuel farm if their's doesn't work.

Chairman Maxwell stated they should set this item up so we can have this committee and put it up for 60-days.

Chairman Maxwell picked Commissioner Guilfoxy to sit on the committee and he said he would too

Item 11 – Information

Airpark Development and Construction Quarterly Update.

Mr. Gary Mascaro advised the Commission that the list of development and construction projects has decreased from the last report. He stated he would be happy to answer any questions from the Commission.

Vice Chairman Tinnan asked if they knew how many vacant properties were available in the Airpark. Mr. Gray responded they would be guessing, but it looked like 20 parcels, with most located in the SNAPOA area. Mr. John Meyer stated there are about 13 tax-yielding properties and because of the scarcity, most owners are holding onto the properties to develop them themselves.

PILOT/COMMUNITY OUTREACH UPDATE

Item 12 – Information

November 2003 Noise Report.

Ms. Jennifer Lewis advised the Commission there was nothing significantly different from the previous month's report.

Ms. Lewis presented the Commission with information provided by Chairman Maxwell that provided some clarification and definition on noise and some of the federal guidelines. Special note was made of page 4 of the information that compared various aircraft noise to freeway traffic, heavy equipment, etc.

Chairman Maxwell advised the Commission he obtained the information the AOPA website. Mr. Gray said they will provide the link in the Airport website also.

Vice Chairman Tinnan asked about the revised pilot pledge, i.e., good neighbor pledge, and if Ms. Lewis would relay the change in attitude of those who previously refused to sign.

Ms. Lewis stated the response has been very positive. They not only revised the language a little bit, but they've also made it easily accessible via the website. She added that generally when she asks pilots to review it and complete it they've all been responsive. There hasn't been anyone who refused to sign it, however, she was still awaiting for Mr. Karl Gimbel's response since they asked him to reconsider and sign the pledge.

Item 13 – Information

December 2003 Noise Report.

Ms. Lewis stated the December 2003 Noise Report information shows a decrease in complaints, but no other notable changes occurred.

Commissioner Mack inquired if Ms. Lewis made any attempt to contact Mr. Ken Weingarten and made any attempt to negotiate what is going on versus the noise that he receives in his back yard. Ms. Lewis responded she has had a lot of contact with Mr. Weingarten and in their packet they will see a letter showing the significant amount of time spent trying to deal with his specific issues and trying to find a way to work with him.

Commissioner Mack stated he seems to have more issues with helicopters than fixed wing. Ms. Lewis responded that's generally true.

Commissioner Vickers inquired to Ms. Lewis regarding annualized complaints by year. He stated they really haven't made any dent in noise complaints in the last two years and it gives him greater concerns on whether the policies and the noise abatement programs are really working. He noted little ups and downs on a monthly basis, but he is looking at it more on an overall basis, 2002-2003 and it looks like about the same noise complaints so he is still very concerned that their voluntary noise compliance program really hasn't worked at all.

Commissioner Mack stated he would look at that and say how many houses have been built in 2002-2003 the potential for 5,000 more families up north that could complain. We've been able to maintain the norm when we've got an additional 5,000 families that weren't here in 2002-2003.

Commissioner Vickers stated the numbers speak for themselves. He said if you look at the percentages it's in the areas below the Airport and to look at the contour charts, look at the section grids, and he disagrees with him if you annualize it.

Commissioner Mack and Commissioner Vickers disputed the new houses versus annualized percentages issue. Commissioner Vickers said before they pat themselves on the back and say they are accomplishing something, they should see some improvement.

Commissioner Guilfooy stated there is nothing they could do better anyway, so they are not patting themselves on the back, just move on.

Commissioner Vickers stated he just wanted to point out to everyone that he does not see a change.

Mr. Gray stated for the record that they have started the Part 150 Study. The second public meeting is coming up at the end of February. At the last public meeting, 7 citizens were present, with more staff and FAA representatives present. The next set of documents will be coming out in the next month or so. Obviously one of the reasons they commenced doing another Part 150 Study was to see if there was any additional improvements they could do to the noise abatement techniques they've had in place, or if there are some new ones they can institute or any changes that may be made to the existing program. He added that at the end of the Part 150 Study their consultant will make recommendations to the City and the FAA and there may be some additional improvements that can be made.

Chairman Maxwell complimented Ms. Lewis on the article she wrote for the Phoenix Realtor publication.

OPERATIONS UPDATE

Item 14 – Information

Review of Airport Operations for November 2003.

Mr. Chris Read advised the Commission on the Airport Operations update for November 2003.

Item 15 – Information

Review of Airport Operations for December 2003.

Mr. Read noted the total operations for the year was down about 1,000 from last year, ending with approximately 194,000.

Vice Chairman Tinnan asked what incident happened at the Airport today. Mr. Read responded that an aircraft deviated from the runway and skimmed into a hangar. The pilot was okay and the FAA and NTSB will determine what happened.

MEETING SCHEDULE

Item 16 – Action

Review/Modify Meeting Schedule.

There were no changes/modifications to the meeting schedules.

Commissioner Vickers noted the City of Scottsdale utility billing newsletter is still listing the Airport Advisory Commission meeting as being on the 3rd Wednesday of each month, rather than the 2nd Wednesday of the month.

Mr. Gray responded that this would be corrected.

PUBLIC COMMENT

There were no public comments.

DIRECTOR'S REPORT

Mr. Gray stated he wanted to address the issue of FAA and ADOT grants, and where that money comes from. Mr. Gray added he printed a definition from the FAA of where that money comes from, as well as the state funds. The Airport and Airway Trust Fund, which is the FAA Trust Fund, was established by the Airport and Airway Revenue Act of 1970 which provides the revenues used to fund AIP projects or airport improvement projects at airports across the country. The trust fund concept guarantees a stable funding source whereby users pay for the service they receive. In 1977 Congress enacted new taxes to fund the General Fund, and Mr. Gray denoted a table that lists the percentages and amounts. He stated the components that make up the revenue sources – domestic passenger ticket tax, passenger flight segments, passenger ticket tax at rural airports, weigh bill domestic freight and mail go on aircraft,

general aviation fuel tax, commercial fuel tax, international departure, international arrival tax, special rules for flight in U.S. and Alaska and Hawaii, and Frequent Flyer tax. Therefore, the entire revenue source for those funds comes directly from users of the aviation system, whether it's a general aviation or commercial service airport.

The Aeronautics Division of ADOT has the definition of the state aviation fund; the construction and development of airports are accomplished through a variety of funding efforts involving federal, state, and local governments. The state program is separately established program that derives from taxes on aviation goods and services, flight property tax, aircraft lieu tax, registration fees, aviation fuel tax are the primary sources for the revenue for the state funds, the airport loan program, and the airport pavement preservation program.

The City's match to those grant funds is based on the Airport's revenue sources which comes from our user fees, landing fees, fuel flowage fees, etc.

Chairman Maxwell asked if it was true the governor recently transferred from funds from the aviation funds to the General Funds. Mr. Gray responded that has been going on for quite some time, he believed it to be since 1997. It's the Flight Property Tax, and 50% of this tax has been diverted to the General Fund to support General Fund activities. Flight Property Tax is a revenue source that is comprised of fees to the airlines that are based in the State of Arizona. Mr. Gray added that the Arizona Airports Association has been working diligently to get that money returned and they will continue to do that.

Chairman Maxwell asked if Scottsdale taxpayers' money is used to subsidize this Airport or is it user fees. Mr. Gray responded that it is all user fees. There is no subsidy from the General Fund to run the Airport. Commissioner Guilfooy inquired if the City has taken money from the Aviation Fund to subsidize the General Fund, and Mr. Gray responded no as that would be in violation of their grant assurances.

Vice Chairman Tinnan inquired if the diversion of the Flight Property Tax came about as a result of a specific legislative action or an administrative act of the governor. Mr. Gray responded it was a legislative action that was only supposed to last three years and was supposed to end this past July. However, due to the budget woes of the state, it was decided to extend it to July of 2005; this was also decided through a legislative action.

Mr. Gray stated another item he wished to discuss was the aircraft museum. He informed the Commission he spoke to Mr. Don Owens, who informed him he did not have any new information on the progress, but directed him to speak to Ken Dahlberg who is one of the "Aces" and actually in charge of that program. Mr. Gray added he would call Mr. Dahlberg and ask him what the outcome of the museum will be. He stated if they recall the lease that was amended last year had some April of every year dates that they had to prove to us that they were making some progress or relinquish the property to us for a different development. Mr. Gray advised the Commission an update should be provided by the next meeting. However, he stated it does not look very promising.

ITEMS FROM THE COMMISSION

Chairman Maxwell stated he would hope that the member of the Commission that represented in the press that the taxpayers of Scottsdale are subsidizing the Airport would think of retracting that publicly.

Commissioner Vickers stated he would like to make a comment on that that he will continue to make statement that Scottsdale taxpayers are – everyone that sends a package via UPS, every parcel we ship, the FedEx services charges taxpayers fees that go into this aviation funding that Mr. Gray talks about. The excise taxes go into the trust fund and they turn back and use at general aviation airports. Every citizen that flies on an airplane subsidizes a general aviation airport even though they don't use it.

ADJOURNMENT

Commissioner Mack made a motion to adjourn. The meeting was adjourned at 7:40 p.m.

Respectfully submitted,

Diana Maggiola
Administrative Secretary